

UNITED STATES OF AMERICA,
Plaintiff,
v.
CHARLES CATHCART, SCOTT
CATHCART, YURIJ DEBEVC, a/k/a
YURI DEBEVC, ROBERT NAGY,
DERIVIUM CAPITAL, LLC,
DERIVIUM CAPITAL (USA), INC., and
VERIDIA SOLUTIONS, LLC,
Defendants.

The United States of America has filed a complaint for permanent injunction in this matter against defendant Derivium Capital, LLC, seeking a permanent injunction under to IRC § 7408 for engaging in conduct subject to penalty under IRC §§ 6700 and 6701. Kevin Campbell, the court appointed Chapter 7 Bankruptcy Trustee for Derivium Capital, LLC, hereby consents to the entry, without further notice, of this Final Judgment of Permanent Injunction.

Derivium Capital, LLC also waives any right it may have to appeal from this Final Judgment of Permanent Injunction.

Final Judgment of Permanent Injunction

Case No. 03:07-cv-4762-PJH

1 Derivium Capital, LLC, consents to entry of this Final Judgment of Permanent injunction
2 without admitting the factual allegation in the Complaint.

3 NOW, THEREFORE, it is accordingly ORDERED, ADJUDGED AND DECREED that:
4

5 1. The Court has jurisdiction over this action pursuant to §§ 1340 and 1345 of Title 28 of
6 the United States Code, and §§ 7402 and 7408 of the Internal Revenue Code of 1986, as amended
7 (26 U.S.C.) ("Code").

8 2. Derivium Capital, LLC, individually and doing business as any entity, and its agents, and
9 employees, are permanently enjoined from, directly or indirectly:

- 10 (a) Organizing, promoting, marketing, or selling any plan or arrangement, including
11 his 90% Loan scheme, that advises or assists taxpayers to attempt to violate the
internal revenue laws or unlawfully evade the assessment or collection of their
federal tax liabilities;
- 12 (b) Marketing the "90% Loan" scheme, that purports to enable customers to receive
13 valuable consideration in exchange for stock or other securities that is pledged by
those customers, purportedly as collateral, without the need to pay tax on the gain
14 because the transaction is characterized as a loan;
- 15 (c) Advising customers that the 90% Loan scheme, which required participating
customers to relinquish (1) legal title, (2) the right to receive dividends, and (3)
16 any voting rights associated with the stock or securities in exchange for
reasonable consideration constitutes a *bona fide* loan, rather than a sale, for
17 federal tax purposes (the "90% Loan" scheme);
- 18 (d) Advising, assisting, or instructing customers that participating in the "90% Loan"
scheme enables customers to defer, postpone, or avoid paying capital gains or
19 other taxes associated with the sale of any stock or security transferred as part of
the scheme;
- 20 (e) Making false statements about the allowability of any deduction or credit, the
excludability of any income, or the securing of any tax benefit by the reason of
21 participating in any plan or arrangement, including the false statement that a
associated with the 90% Loan scheme (described in paragraphs (a)-(d), *supra*) can
22 reduce or eliminate one's federal income tax liabilities;
- 23 (f) Engaging in conduct subject to penalty under Code § 6700, *i.e.*, by making or
furnishing, in connection with the organization or sale of a plan or arrangement, a
24 statement Derivium knows or has reason to know to be false or fraudulent as to
any material matter under the federal tax laws; and
- 25 (g) Engaging in any other conduct that interferes with the administration or
26 enforcement of the internal revenue laws.

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1 3. The United States is permitted to engage in post-injunction discovery to ensure
2 compliance with the permanent injunction.

3 4. This Court shall retain jurisdiction over this action for purposes of implementing and
4 enforcing this Final Judgment of Permanent Injunction.
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7 Agreed and Submitted by:

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21 Chapter 7 Trustee for Derivium Capital, LLC
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